

**GOVERNMENT OF INDIA  
PETROLEUM AND NATURAL GAS  
LOK SABHA**

UNSTARRED QUESTION NO:703  
ANSWERED ON:22.11.2001  
REFINERY CAPACITY  
UMMAREDDY VENKATESWARLU

**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

- (a) whether there is excess refining capacity in the country;
- (b) if so, the reasons for this excess capacity;
- (c) whether huge sums of capital are now locked in unproductive investments in the refinery sector;
- (d) the manner in which the Government propose to reduce such liabilities;
- (e) the reasons for having invested thousands of crores in new refineries by the public sector oil companies in the absence of market;
- (f) whether any enquiry has been ordered into such investments; and
- (g) if so the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

- (a) & (b): Presently, the oil refining capacity in the country is marginally higher than the demand of petroleum products. Some quantities of products like petrol, diesel etc. are being exported, while liquefied petroleum gas (LPG) is being imported.
- (c): No, Sir.
- (d): Does not arise.
- (e) At the time of preparation of Five Year Plans, future supply - demand position of petroleum products is assessed. Public sector companies plan their investments considering, inter alia, the projected demand scenario prepared by the Planning Commission, projected GDP growth rate(s) and other relevant factors. Further, the investment decisions are reviewed from time to time considering the changed scenario.
- (f) & (g): Does not arise in view of (e) above.